

Winter Park Electric Rate Study



Presentation to the
Utility Advisory Board
April 22, 2009

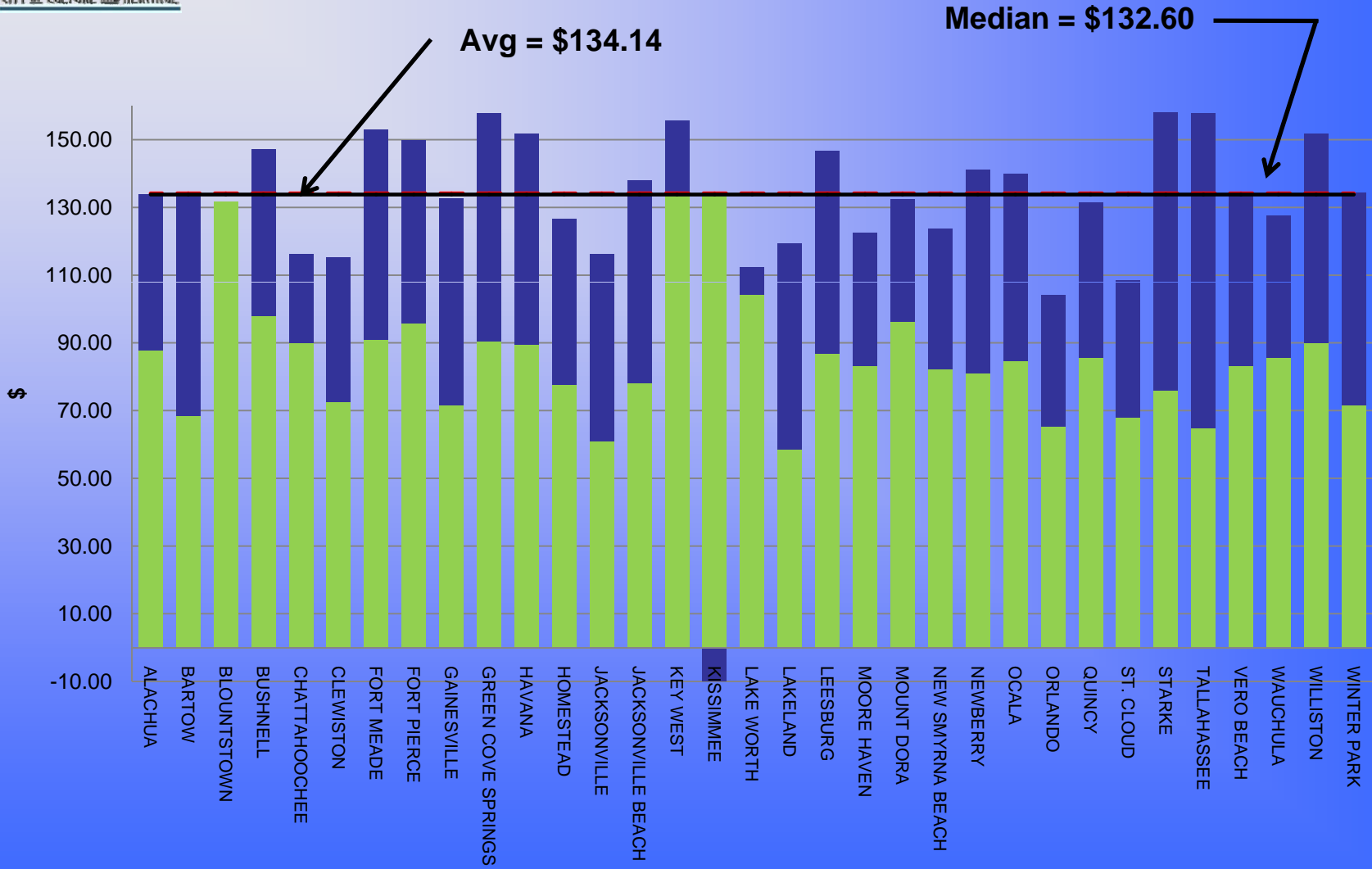


Recent Events Affect Rate Study

- Fitch Ratings put the City's electric and water-wastewater revenue bonds on "credit watch negative"
 - Declining liquidity
 - FY 2008 DSC < 1
- PEF rate decrease effective 4-1-09 implemented (~11%)
WPE rates are now 13.2 % higher than WPE's FY08 rates.
- PEF has filed for an interim rate increase effective July 1, 2009 (~+3.4%)
- PEF has filed for a permanent base rate increase effective January 1, 2010 (10.5%)
- City Commission commitment to "mirror" PEF rates expires June 1, 2009



Rate Comparison 1,000 kWh Monthly Bill





WPE Financial Performance

All Dollar amounts \$(000)	FY 2008
Total Charges for Services	\$47,823
Gross Receipts Taxes	1,191
Wholesale Power Supply (Non-fuel)	37,242
O&M and A&G	5,942
TOTAL EXPENSES	44,376
Available for D/S	3,447
Debt Service	4,828
D/S Coverage	.71x
Capital from Revenues	2,641
Transfer to Gen Gov (FF)	2,634
Excess/Deficiency	-6,656



Reasons for negative Cash Flows

- FY 2008 - under recovery of fuel cost \$2.3 million
- FY 2008 - Wall Street turmoil/auction rate debt + \$.8 million
- Significant rehab to restore system condition continued in 2008 (\$21.2 million O&M + capital FY 2006-FY2008)
- As a result – WPE owes City \$2.8 million initial outlays and \$11.5 million draw down of City’s cash position. Reduces City’s liquidity.



Revenue Adequacy - Existing Rates

All Dollar Amounts \$(000)	FY 2009	FY 2010
Non – Fuel Sales Revenues	\$22,675	\$22,743
Fuel Sales Revenues	24,912	25,385
Other Revenues	598	606
Total Revenues	52,333	53,013
Purchased Power + Trans.	13,769	13,979
Purchased Power Fuel	22,612	25,385
O&M and A&G	5,494	5,528
Gross Receipts Taxes	1,301	1,334
TOTAL EXPENSES	43,176	46,226
Available for D/S	9,157	6,788
Debt Service	4,030	4,002
Capital from Revenues	1,200	1,200
Transfer to Gen Gov (FF)	2,873	2,945
Excess/Deficiency	1,053	-1,360



7- Yr. Gen. Gov. Repayment Strategy

All Dollar amounts \$(000)	FY 2009	FY 2010
Rate changes	2.0%	4.8%
Total Revenues	52,664	56,537
TOTAL EXPENSES	43,176	46,290
Available for D/S	9,488	10,248
Debt Service	4,030	4,002
D/S coverage	2.35x	2.56x
Capital from Revenues	1,200	1,200
Transfer to Gen Gov (FF)	2,873	3,087
Repayment to Gen Gov	1,380	1,934
Excess/Deficiency	4	25



7-Yr. Gen. Gov. Repayment Strategy

Strategy	FY 2009	FY 2010
Repayment of \$2.8 M	2.0%	4.8%
% per ordinance	10%	20%
\$	138	392
Repayment of \$11.5 M		
Interest at 1%	115	104
Principal	1,126	1,438
Sub-total repayment	1,241	1,542
Total Repayment	1,379	1,934
Excess/(Deficiency)	4	25



5- Yr. Gen. Gov. Repayment Strategy

All Dollar amounts \$(000)	FY 2009	FY 2010
Rate changes	2.0%	6.3%
Total Revenues	52,664	57,338
TOTAL EXPENSES	43,176	46,310
Available for D/S	9,488	11,028
Debt Service	4,030	4,002
D/S coverage	2.35x	2.76x
Capital from Revenues	1,200	1,200
Transfer to Gen Gov (FF)	2,873	3,131
Repayment to Gen Gov	1,380	2,676
Excess/Deficiency	4	19



5-Yr. Gen. Gov. Repayment Strategy

Strategy	FY 2009	FY 2010
Repayment of \$2.8 M	2.0%	6.3%
% per ordinance	10%	20%
\$	138	539
Repayment of \$11.5 M		
Interest at 1%	115	104
Principal	1,126	2,034
Sub-total repayment	1,241	2,137
Total Repayment	1,379	2,676
Excess/(Deficiency)	4	19



Revenue Adequacy – 5 yr Strategy

All Dollar Amounts \$(000)	FY 2009	FY 2010
Non – Fuel Sales Revenues	\$26,850	\$27,292
Fuel Sales Revenues	24,912	25,385
Rate Increase Revenues	304	4,055
Other Revenues	598	606
Total Revenues	52,664	57,338
Purchased Power + Trans.	13,769	13,979
Purchased Power Fuel	22,612	25,385
O&M and A&G	5,494	5,528
Gross Receipts Taxes	1,301	1,418
TOTAL EXPENSES	43,176	46,310
Available for D/S	9,488	11,028
Debt Service	4,030	4,002
Capital from Revenues	1,200	1,200
Transfer to Gen Gov (FF)	2,873	3,131
Repay Gen. Gov.	1,380	2,676
Excess/Deficiency	4	19



Pro Forma 5-yr. Strategy

All Dollar amounts \$(000)	FY 2009	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014	FY 2015
Revenues (w/rate inc)	52,664	57,338	58,705	59,932	61,204	62,524	63,890
TOTAL EXPENSES	43,176	46,310	47,418	48,561	49,746	50,974	52,247
Available for D/S	9,488	11,028	11,287	11,371	11,458	11,550	11,643
Debt Service	4,030	4,002	4,000	4,000	4,000	4,000	4,000
D/S Coverage	2.35x	2.76x	2.82x	2.84x	2.86x	2.89x	2.91x
Capital	1,200	1,200	1,224	1,248	1,273	1,299	1,325
Transfer FF Gen Gov	2,873	3,131	3,203	3,269	3,336	3,407	3,480
Repay Gen. Gov.	1,380	2,676	2,852	2,851	2,832	2,137	0
Balance Owed (EOY)	13,035	10,463	7,694	4,906	2,116	0	0
Excess/Deficiency	4	19	8	3	17	706	2,838



Desired Commission Actions

1. Decouple rates from PEF. Set WPE rates based on WPE cost structure. Consider annually with budget.
2. Approve 5 year repayment strategy for WPE to repay the City for \$2.8 million initial outlay and \$11.5 million borrowed from City's pooled cash.
3. Implement quarterly fuel adjustment. Forward looking fuel cost component and backward looking true-up.
4. Increase retail rates 2% effective July 1, 2009.
5. Adopt 5-yr program of rate changes:
FY 2010 – 6.3% FY 2011 - .3%
FY 2012 to FY 2014 – 0.0%



Questions and Answers

